

**MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE  
HELD IN THE COUNCIL CHAMBER, FOLLATON HOUSE, PLYMOUTH ROAD,  
TOTNES ON THURSDAY, 28 SEPTEMBER 2023**

<b>Members in attendance</b>			
* Denotes attendance			
Ø Denotes apology for absence			
*	Cllr L Bonham (Chairman)	*	Cllr C Oram
*	Cllr S Dennis	*	Cllr A Presswell
*	Cllr D Hancock	*	Cllr S Rake
*	Cllr A Nix (Vice-Chairman)	Ø	Cllr G Yardy

<b>Member(s) also in attendance:</b>
Cllrs Abbott, Brazil, Hopwood, Pannell and Thomas

<b>Item No</b>	<b>Minute Ref No below refers</b>	<b>Officers and Visitors in attendance</b>
All Items		Section 151 Officer; Director – Strategy & Governance; Head of Finance; Senior Democratic Services Officer; Internal Audit Manager; Grant Thornton – Key Audit Manager

**AG.14/23 MINUTES**

The minutes of the Audit and Governance Committee meeting held on 27 July 2023 were confirmed as a true and correct record.

Reference was made to Totnes Market, Kingsbridge Market and Dartmouth Market to be included as part of the Audit Report.

**AG.15/23 DECLARATIONS OF INTEREST**

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting, but there were none made.

**AG.16/23 GRANT THORNTON (EXTERNAL AUDIT) REPORT**

The Committee considered a paper from Grant Thornton that provided a progress update on delivering their responsibilities as the Council's External Auditors.

In discussion, particular reference was made to:

- (a) Backlog of auditing of accounts across local government and it was reported they were on track to review the SHDC accounts in November and report back to Committee in March 2024; This revised earlier timescale was welcomed by the Chairman.
- (b) The introduction of statutory deadlines for accounts and audits or "backstop" requires legislative changes and would come into effect end of September 2024. Grant Thornton confirmed that previous

years' audits had all been signed off for South Hams with unqualified audit opinions and therefore there would be no backstop arrangements in South Hams (and previous years' audits would not be qualified as there is no backlog of Accounts to be signed off in South Hams).

It was then:

### **RESOLVED**

That the contents of the Grant Thornton (External Audit) Report be noted.

AG.17/23

### **UPDATE ON THE 2023-24 INTERNAL AUDIT REPORT AND INTERNAL AUDIT CHARTER AND STRATEGY**

The Leader presented a report which sought to provide Members of the principal activities and findings of the Council's Internal Audit Team.

It was highlighted that the Internal Audit Charter and Strategy were not included in the agenda pack and would be re-submitted at the next meeting.

In discussion, particular reference was made to:

- (a) The grant scheme related to the £150 energy rebate support for residents and undertook a post payment assurance on our procedures;
- (b) They were aware of the issues with the contractor at the Batson Development but would need to investigate this further to provide more detail;
- (c) Devon Building Control Partnership (DBCP) have been made aware that there was no process in place to make a complaint or comment;
- (d) Food Standards backlog following post covid and staff focussed on other areas of work. An additional officer recruited, and further officer trained to address the high-risk food premises by the end of this financial year and was supported by the FSA;
- (e) The higher insurance was predominately related to bringing the waste service back in-house. The claims mainly related to the waste vehicles and SHDC also has responsibility for the harbour and higher level of assets and buildings than WDBC. They were looking to renew the current arrangements in December and would be undertaking a fuller retender in the summer. Also looking at cyber insurance cover which was extremely expensive or to self-insure;
- (f) Regarding travel claims, the employee has to self-certify and attach a petrol VAT receipt – further checking of whether a receipt has been attached to every claim;
- (g) Members have direct access to the internal audit team – The Leader highlighted a specific change on a S106 agreement which he felt was of concern. Changes will be made to the process and the constitution is already being looked at.

It was then:

**RESOLVED**

Progress made against the 2023/24 internal audit plan, and any key issues arising are noted and approved.

It was **PROPOSED** and **SECONDED** and when put to the vote was declared **CARRIED** that:

The Committee request Internal Audit to investigate the processes around S106, in particular to review the delegated authority and to provide recommendations.

AG.18/23 **INTERNAL AUDIT RECOMMENDATIONS TRACKER**

Members considered a report that sets out the update on progress against Internal Audit recommendations since 2021.

In discussion, it was raised whether any consideration would be made into writing off the 38 recommendations in progress from 2021? It was reported that this Committee would be asked to agree an extension or challenge officers on the status of these recommendations. A report in 6 months to include the reduced number of higher risks and older risks that were either implemented and following a further audit could become redundant and therefore removed.

It was then:

**RESOLVED**

The Audit and Governance Committee noted the progress against implementation of Internal Audit Recommendations as set out in this report, and

Internal Audit Recommendations Tracker Report to be brought to the Committee in March 2024, which should exclude older risks that have been superseded or resolved by subsequent action, but should include a target completion date where actions have not been started or are in progress and late.

AG.19/23 **FREEMPORT TASK AND FINISH GROUP**

The Chair reported that two meetings had taken place and a further meeting for officers and members of task and finish to provide feedback on the draft report. The report would go to the Executive on 30<sup>th</sup> November.

AG.20/23 **ANNUAL TREASURY MANAGEMENT REPORT 2022/23**

Members considered a report that set out the Council's annual Treasury Management performance for 2022/23. In addition, the report sought approval of the actual 2022/23 prudential and treasury indicators.

In discussion, Members sought reassurance that investments supported

the council's priorities and the importance of attending the Treasury Management training. It was also highlighted that the treasury management strategy is considered first by the Audit and Governance Committee, who make a recommendation to Full Council.

It was then:

### **RESOLVED**

That the Audit Committee:

1. Approved the actual 2022/23 prudential and treasury indicators in this report.
2. Noted the Annual Treasury Management report for 2022/2023 and the additional investment income generated in the year of £1.02m as shown in 1.1.

### **AG.21.23 SUNDRY DEBT**

Consideration was given to a report that provided Members with an update of the position with regard to Sundry Debt.

In discussion, a Member raised the debt outlined in agenda item 8 and it was highlighted that this related to Sundry Debt only. The Committee requested that Members receive a report on overall debt levels.

It was then:

### **RESOLVED**

That the position in relation to Sundry Debt be noted and that Members receive a report on overall debt levels in due course.

### **AG.22.23 BUILDING MAINTENANCE PROGRESS UPDATE**

Lead Executive Member for Community Services, Operations and Leisure introduced the report which provided an overview of the key actions being undertaken to address the areas of concern highlighted in the previous internal audit reports.

In discussion, the following points were raised:

- (a) The team were working on the Estate Management IT system (Concerto) to make it more accessible for all Members;
- (b) Not all bins and memorial benches have been mapped;
- (c) That a training session be arranged for Members;
- (d) Internal audit follow up work would be deferred until work completed in quarter 1 next year.
- (e) The Leader stated the need for an Asset Management Plan to be considered by the Executive, as highlighted by previous internal audit reports.

It was then:

### **RESOLVED**

That the Audit and Governance Committee:

1. Noted the work being undertaken to address the Audit reports.
2. Agreed to defer the follow up audit from 2023-24 to Quarter 1 of 2024/25 to allow this work to complete.

#### AG.23.23 **AUDIT COMMITTEE WORKPLAN AND DATES OF FUTURE MEETINGS**

Members were presented with the latest version of the Committee Work Programme and noted its contents.

In discussion, particular reference was made to:

- (a) Treasury Management agenda items to be moved to March to allow Members to attend the Treasury Management Training;
- (b) Freeport Task and Finish Terms of Reference to be amended to reflect the report to go direct to the Executive on 30 November 2023;
- (c) Terms of Reference for the St Anns Chapel Task and Finish Group to be agreed at the December Meeting for work to start in January onwards. Cllr Hancock, Cllr Nix, Cllr Oram and Cllr Presswell offered to be on the Task and Finish Group, with Cllr Hancock taking the lead.

It was then:

#### **RESOLVED**

That the Committee Workplan 2023/24 (as set out within the published agenda papers) be updated to include:

- A verbal update on Totnes Market – December;
- Internal Audit Charter and Strategy – December;
- Move Treasury Management agenda items to the March meeting;
- St Anns Chapel Terms of Reference – December;
- Informal meeting to review the format of the Annual Statement of Accounts – January; and
- December and March meetings moved and would now take place on 14 December 2023 and to 28 March 2024.

#### AG.24.23 **INVESTMENT PROPERTIES – UPDATE AND MONITORING REPORT**

The Committee was provided with the financial information in respect of the Investment Property portfolio to date.

In discussion, the following points were raised:

- (a) Any investment made would be agreed by Members at Full Council;
- (b) The strategy that supports this report would be helpful for Members as a background document – to be attached in future reports as an Appendix;

It was then:

**RESOLVED**

That the Committee note the 31 March 2023 valuation figures of the Council's two Investment Properties and the rental income being received.

(Meeting commenced at 9:30 am and concluded at 12.36 pm)

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Chairman